



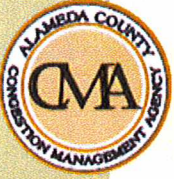
October 12, 2009  
Agenda Item 4.2

# **CMA Financial Overview**

## **Update #6**

**October 12, 2009**

Dick Swanson  
Director of Finance and Administration



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  - 1. Cost Recovery
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# I. Background

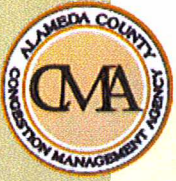
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In previous ALC meetings, staff presented financial overviews of the CMA which covered:

- ◆ A historical review of revenues and expenses
- ◆ Financial challenges facing the CMA, which included:
  1. Obtaining adequate cost recovery for both indirect costs and mandated (core) function costs
  2. Ensuring adequate capacity to finance project related cash flow requirements
- ◆ A preview of the FY 2009-2010 Budget Format

The Committee receives quarterly updates on progress in meeting those financial challenges



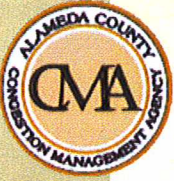


# Background (continued)

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This sixth update will provide information on:

1. Progress in meeting financial challenges
2. A preliminary look ahead at the financial challenges facing the CMA over the next five years



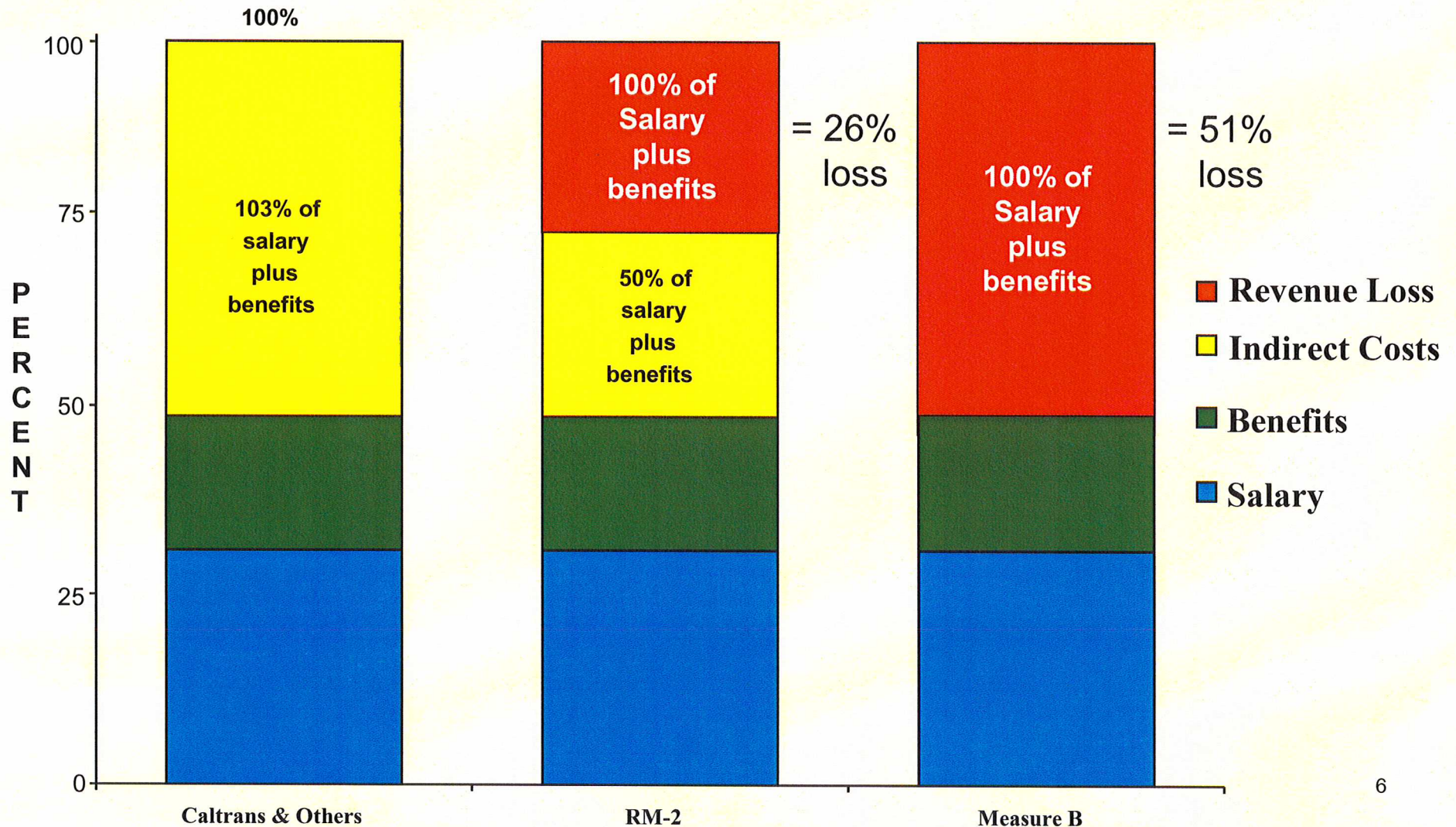
## II. Financial Challenges

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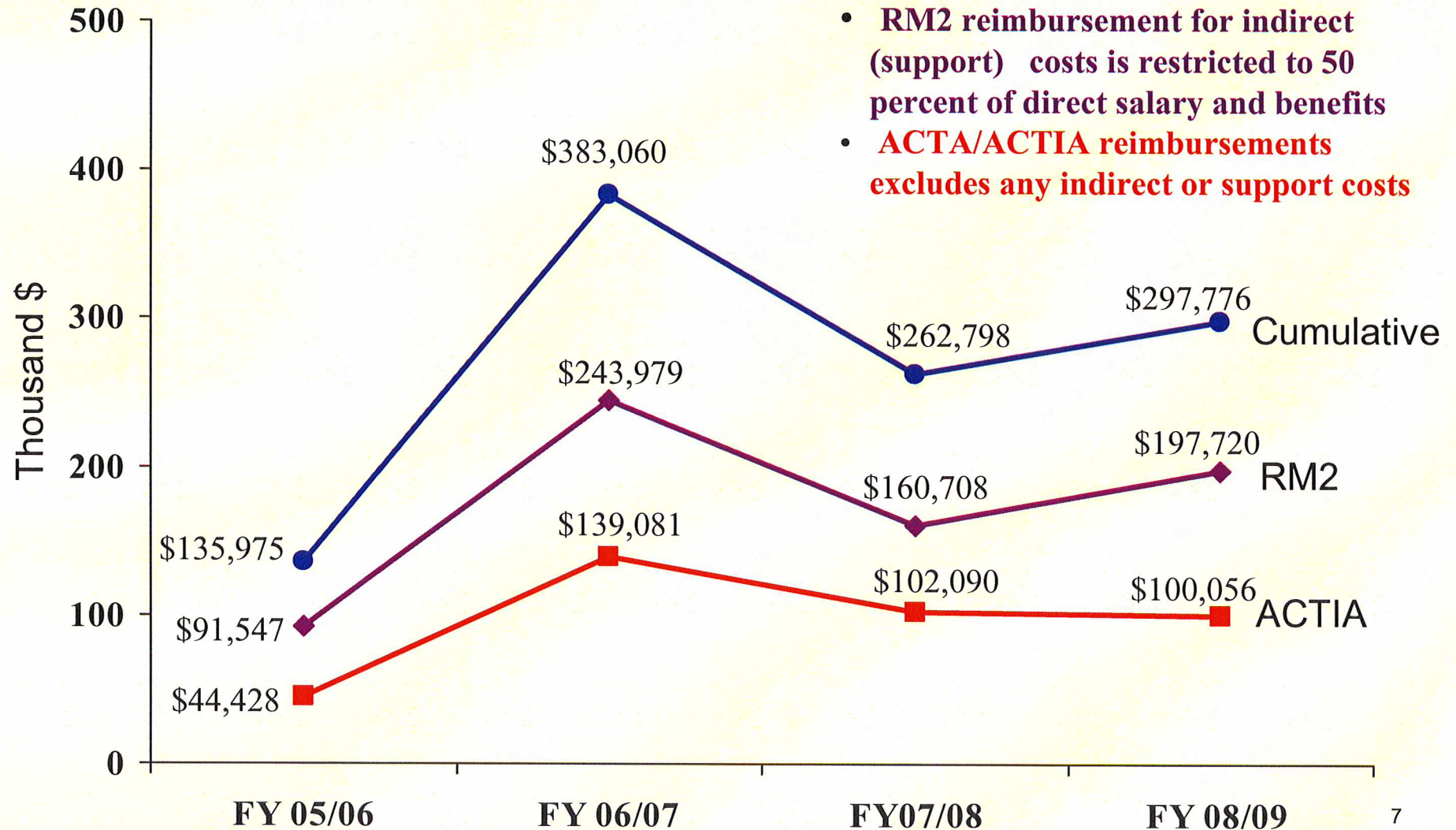
1. Cost Recovery:
  - a) Indirect Cost Recovery – RM2 and ACTIA Projects
  - b) Cost Recovery – MTC Planning Support Activities
2. Capacity to Finance Project Cash Flow Requirements from Exchange Fund



# Background: Recovery of CMA Indirect Costs by Fund Source

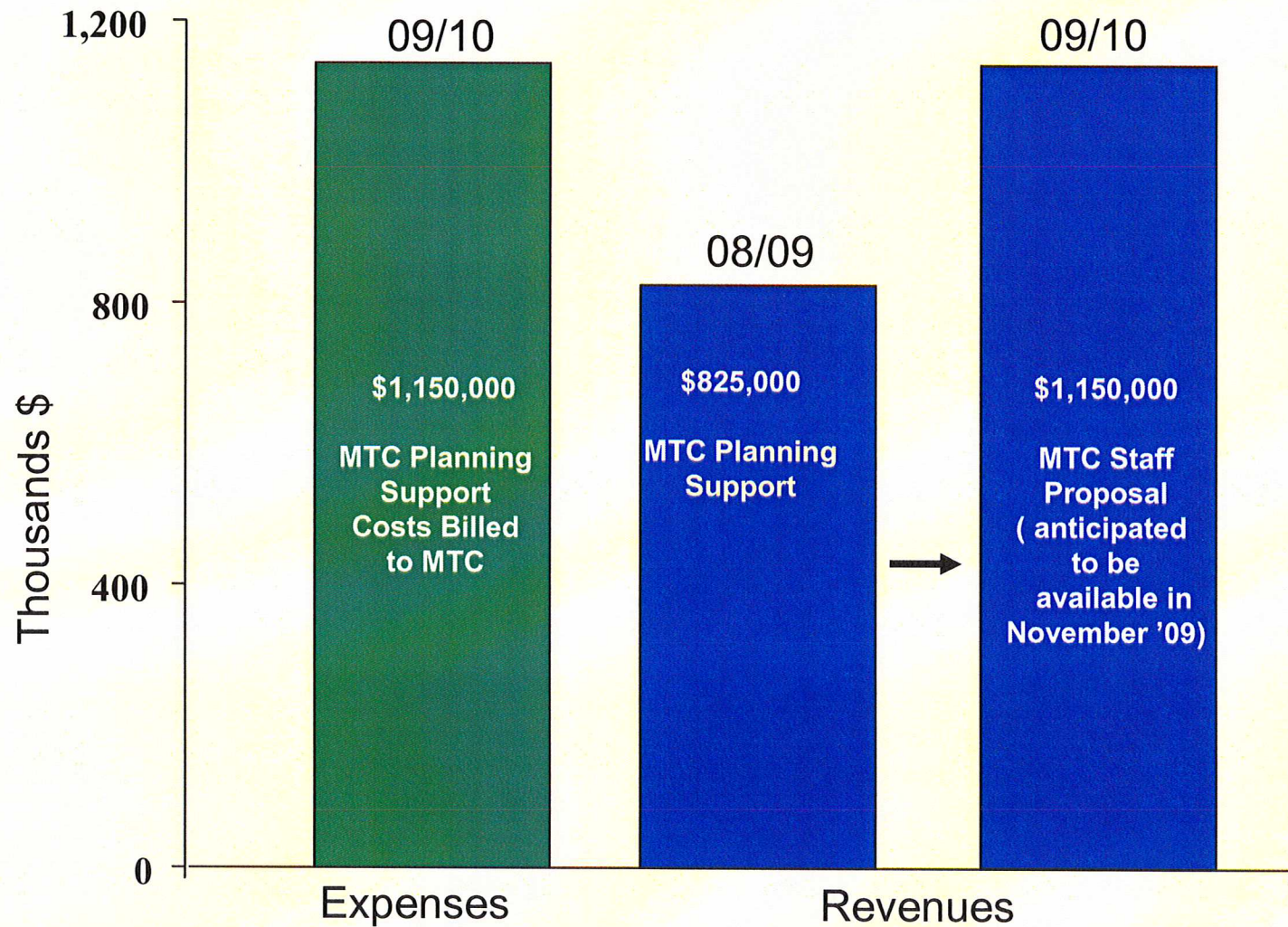


# Challenge #1a: Unrecovered Indirect Costs: RM2 and ACTIA Projects



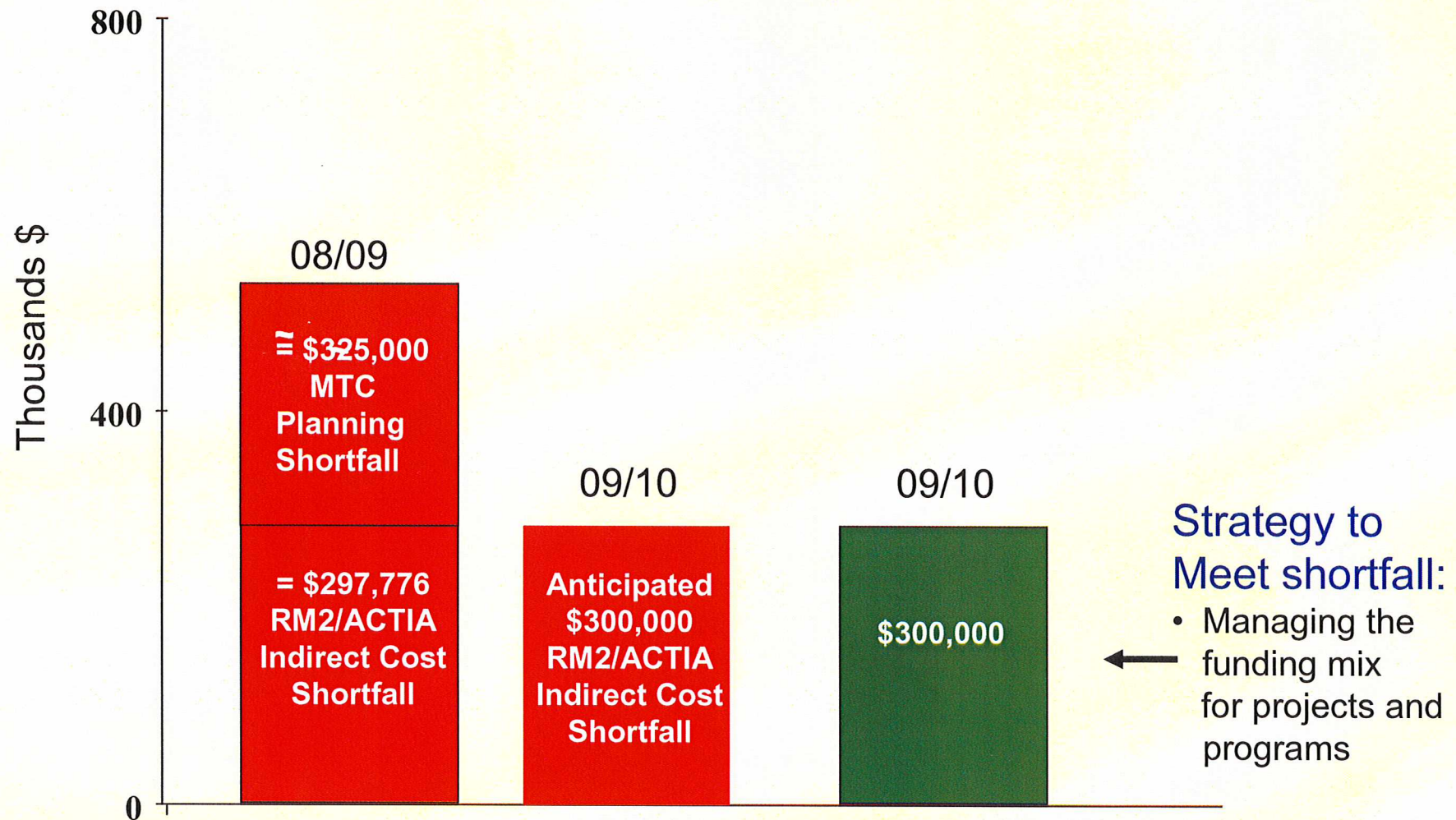


## Challenge #1b: Cost Recovery on MTC Planning Support Activities – FY 2009/10





# Challenge #1: Cost Recovery Mitigation Measures





## **Challenge #2: Capacity to Finance Project Cash Flow Requirements**

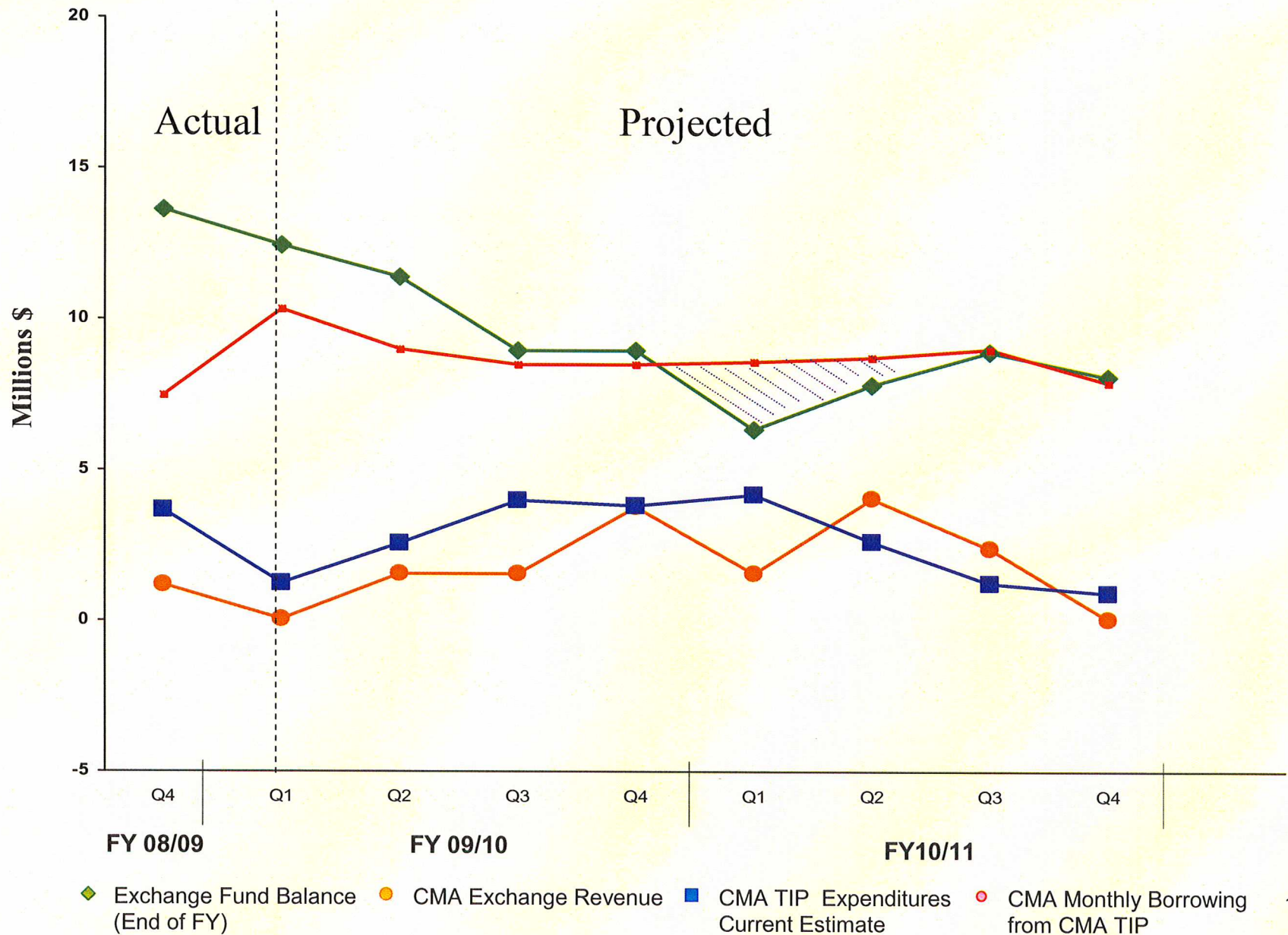
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The CMA's monthly cash flow requirements to fund projects require sufficient resources to finance the "float" required between invoice payment and receipt of reimbursement. In most instances, the CMA is required to use the Exchange Fund (CMA-TIP) as the short-term source of funds to finance this month-to-month float.

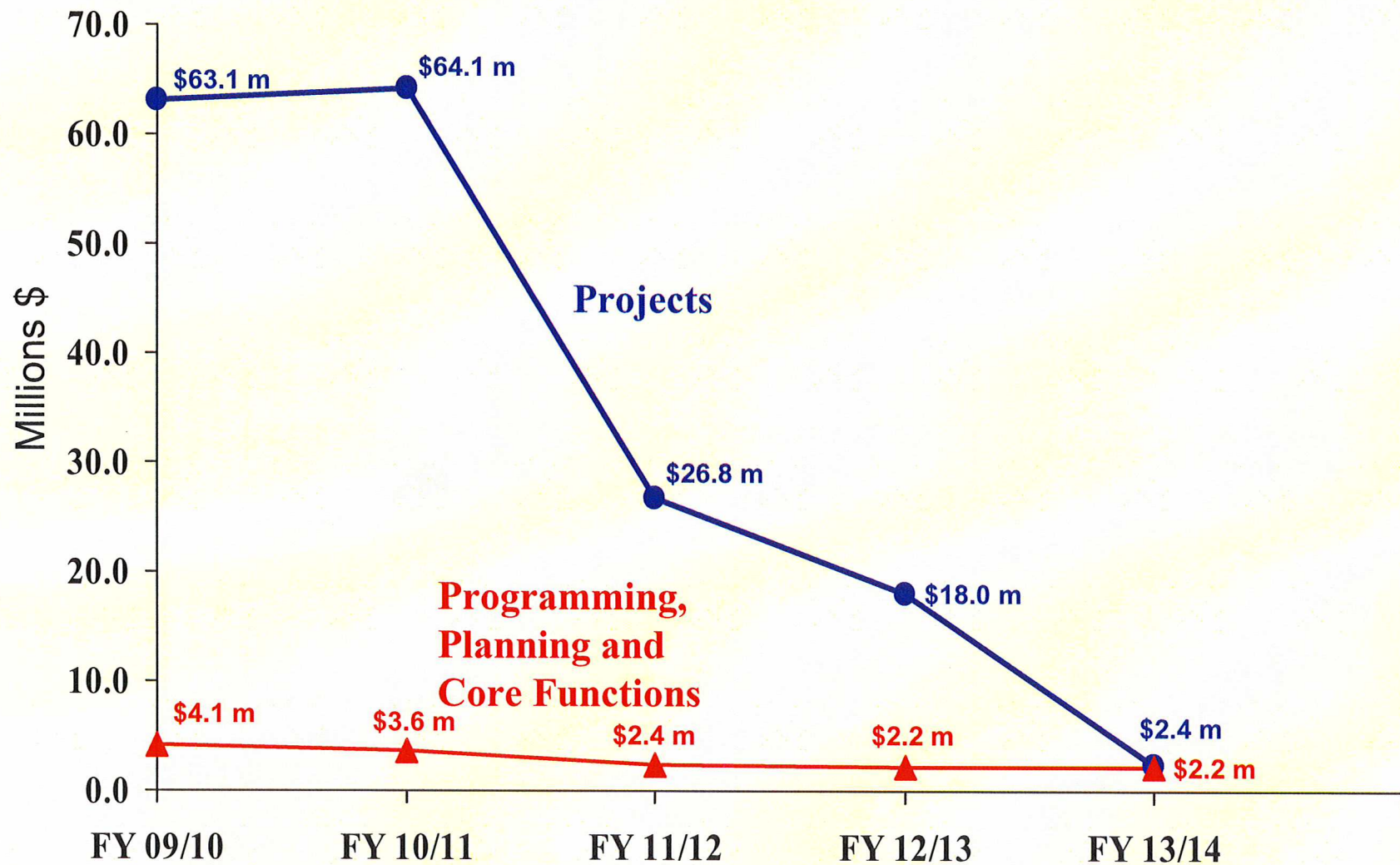
To evaluate the adequacy of the Exchange Fund, staff updates the forecast of Fund revenues and expenditures on a monthly basis and compares the resultant Fund balance to our project financing requirements.



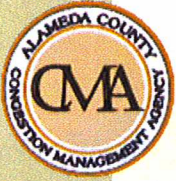
# Exchange Fund Balance vs. Financing Needs



### III. Five Year Financial Look Ahead







## III. Five Year Financial Look Ahead

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In reviewing the CMA's forecasted activities over the next five years, the following trends stand out:

- 1) By FY 11/12), activity drops by 58%, and in FY11/12 by an additional 33%.
- 2) Programming and core function activities remain relatively stable through FY 13/14.
- 3) Although the planning activities decline somewhat historically, the CMA receives grants in the range of \$500 - \$700,000 per year. This activity is critical because the planning activities have generated the subsequent project related work.



### **III. Five Year Financial Look Ahead (continuation)**

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As a consequence, the CMA needs to begin to identify strategies to compensate for the completion of projects currently underway.